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Perdue to lobby congressional delegation

Treasurer seeking state custody of unclaimed U.S. bonds

CHARLESTON – State Treasurer John Perdue is lobbying the state's congressional delegation, in an effort to get states the right to return unclaimed U.S. Savings Bonds to their owners.

Perdue was in Washington, D.C. Thursday to meet with West Virginia's senators and elected representatives. Serving a term as president of the National Association of State Treasurers, Perdue is spearheading his colleagues' efforts to make matured federal savings bonds part of states' unclaimed property programs.

"During my tenure as state treasurer we have returned \$46 million in unclaimed funds and led the nation in the percentage of property returned in fiscal 2003," Perdue said. "My colleagues can claim similar rates of success. With that proof behind us, it only makes sense that states be allowed to return U.S. Savings Bonds."

An estimated 230,000 bonds issued between 1941 and 1974 are worth \$92 million and belong to West Virginia residents. They have matured and stopped earning interest but remain unclaimed. The treasurers' association puts the national figure at approximately \$12 billion.

Of that amount, NAST estimates that West Virginia may potentially assume \$41 million in "residual amounts" of proceeds over a period of years.

West Virginia Code defines several categories and conditions of unclaimed property for which the treasurer is responsible for returning to rightful owners. Included is “property held by a court, government, governmental subdivision, agency or instrumentality, one year after the property becomes distributable.” -- West Virginia Code, 36-8-2.

U.S. Treasury officials have in the past denied states the right to return unclaimed savings bonds. It only gives states the right to return federal savings bonds if the state has assumed actual and legal ownership by statute.

Federal officials have simply retired the bonds and deposited the funds in the general treasury. The money cannot be spent and nothing is being done about returning the proceeds to their rightful owners.

If states were given the right to return savings bond proceeds, treasurers would use their already established unclaimed property systems to find as many bond owners as possible. What remained would constitute the residual amount, of which states could invest and earn interest for other programs.

The federal government, meanwhile, would hold in reserve a predetermined amount for unpaid claims.

As funds are returned to missing owners, the federal government will have to issue new debt to replace the outstanding debt, which is earning no interest. That hole should be easily made up by the amount collected in income tax on the interest portion of the proceeds paid to reclaiming owners.

“We sincerely hope not only our congressional delegation but the majority of our nation’s lawmakers will see that allowing states to search for U.S. Savings Bond owners is beneficial for all parties,” Perdue said. “The federal government would more than recoup the lost amount; states would find a new source of revenue; and bondholders would finally receive what has been due them for some years now.”

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